

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 17096 01 OF 02 092142Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01

AGRE-00 OMB-01 OIC-02 L-03 SS-15 NSC-05 /110 W

-----092222Z 007981 /73

R 092203Z JUN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3929

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 17096

USOECD

PASS: CEA, TREAS, FRB

E.O. 11652: N/A

TAGS: OECD, ECON

SUBJECT: PREPARATIONS FOR OECD/MINISTERIAL: JUNE 9

HEADS OF DELEGATION MEETING ON STRATEGY FOR SUSTAINED

EXPANSION IN OECD AREA: PROSPECTS AND POLICIES

REF: (A) C(77)111; (B) OECD PARIS 13441;

(C) OECD PARIS 16453; (D) OECD PARIS 16756;

(E) STATE 132958

1. SUMMARY: AT JUNE9 HEADS OF DELEGATIONS MEETING, COUNTRIES HAD INITIAL, PRELIMINARY EXCHANGE OF VIEWS ON REFDOK A (TRANSMITTED REFTTEL C) WHICH WILL FORM BASIS FOR DISCUSSION OF MACRO-ECONOMIC PROSPECTS AND POLICIES (AGENDA ITEM III) AT UNE 23-24 OECD MINISTERIAL MEETING WHILE MOST DELS WERE UNINSTRUCTED ON SUBSTANTIVE ISSUES, DISCUSSION REVEALED POTENTIAL FOR CONSIDERABLE DIVERGENCE OF COUNTRIES' VIEWS AT JUNE 14-15 EPC ON IMPORTANT ISSUES, INCLUDING (A) DESIRABILITY OF SETTING 5 PERCENT TARGET  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 17096 01 OF 02 092142Z

FOR GNP GROWTH IN 1978 FOR OECD AREA AS WELL AS TARGETS FOR INDIVIDUAL COUNTRIES WHICH WOULD BE CONSISTENT WITH AGGREGATE TARGET. (MOST SMALLER COUNTRIES AND ITALIANS SUPPORTED CONCEPT OF TARGETING; THOSE LARGE COUNTRY REPS WHICH ADDRESSED THIS ISSUE TENDED TO BE SKEPTICAL.); (B) DEGREE OF PROMINENCE WHICH SHOULD BE GIVEN TO TUAC RECOMMENDATIONS (PUT FORWARD AT MAY 5 LIAISON COMMITTEE

MEETING, SEE REF B) IN REF A AND IN MINISTERIAL COMMUNIQUE (PRO-TUAC POSITION/ED BY DANES; OPPOSITION BY FRG AND SWISS). SEVERAL DELS ASKED CLARIFICATION OF PROCESS BY WHICH SECRETARIAT ENVISIONED GROWTH TARGETS WOULD BE SELECTED AND MONITORED. SEVERAL PERMDELS FELT HOLDING OECD MINISTERIAL MEETING AT END OF THIS YEAR TO REVIEW PROGRESS UNDER THIS EXERCISE MIGHT BE "PREMATURE." THEY WERE, HOWEVER, WILLING TO SEE IDEA PRESENTED AS A POSSIBILITY FOR MINISTERS TO CONSIDER. END SUMMARY

2. THE STRATEGY FOR SUSTAINED EXPANSION IN THE OECD AREA: PROSPECTS AND POLICIES (REF A): SECRETARIAT, MARRIS, SET STAGE FOR DISCUSSION OF REF A BY STRESSING THAT PROSPECTS THROUGH MID-1978 WERE FOR UNSATISFACTORY GROWTH PERFORMANCE AND RISING UNEMPLOYMENT (EXCEPT IN U.S.) AND FOR SLOW PROGRESS TOWARD ACHIEVEMENT OF SUSTAINABLE INTRA-OECD PATTERN OF CURRENT ACCOUNT DEFICIT. THUS, MINISTERIAL SHOULD ENDORSE TARGET FOR OECD AND GNPP GROWTH IN 1978 (I.E., 5 PERCENT) WHICH WOULD EXCEED GROWTH RATE FORECAST FOR 1977 (I.E., ABOUT 4 PERCENT), WHILE RECOGNIZING DIFFERENTIATION IN THAT SOME DEFICIT COUNTRIES MUST RESTRAIN DOMESTIC DEMAND. INDIVIDUAL COUNTRIES WOULD BE ASKED TO SUBMIT GROWTH AND STABILIZATION TARGETS FOR 1978 TO A MONITORING PROCESS WHICH COULD CULMINATE IN REVIEW AT MINISTERIAL LEVEL AT END OF 1977.

3. MOST DELS WERE UNINSTRUCTED, BUT INDICATED THAT THEY WOULD BE READY TO COMMENT IN DETAIL ON SUBSTANCE OF REF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PARIS 17096 01 OF 02 092142Z

A AT JUNE 14-15/PC. NETHERLANDS DEL ASKED SEVERAL QUESTIONS ABOUT THE PROCESS ENVISIONED BY THE SECRETARIAT, INCLUDING WHETHER GROWTH TARGETS WOULD BE SET BY INDIVIDUAL COUNTRIES OR AT AN INTERNATIONAL LEVEL. MARRIS INDICATED THAT TARGETS WOULD BE DETERMINED BY INDIVIDUAL COUNTRIES, BUT WOULD BE REVIEWED AT INTERNATIONAL LEVEL FOR CONSISTENCY, BOTH INTERNALLY AND WITH OVERALL GROWTH AND PRICE OBJECTIVES OF THE OECD AREA. RESOLUTION OF INCONSISTENCIES, MARRIS POINTED OUT, WOULD REQUIRE POLITICAL DECISIONS WHICH WOULD HAVE TO BE MADE BY MINISTERS. SMALL COUNTRIES (MINUS AUSTRALIA) TENDED TO SUPPORT IDEA OF TARGETING. ITALIANS VIEWED THIS PROPOSAL AS EFFECTIVE MEANS TO TIGHTEN THE PROCESS OF INTERNATIONAL ECONOMIC

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PARIS 17096 02 OF 02 092206Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01

AGRE-00 OMB-01 OIC-02 L-03 SS-15 NSC-05 /110 W

-----092222Z 008353 /73

R 092203Z JUN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3930

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 17096

USOECD

COOPERATION IN GENERL AND TO BRING ABOUT SYMMETRICAL SITUATION IN WHICH DOMESTIC POLICIES OF STRONG AS WELL AS WEAK COUNTRIES COULD BE INFLUENCED AT INTERNATIONAL LEVEL. CANADIANS AND AUSTRALIANS EXPRESSED SKEPTICISM ABOUT PROPOSAL TO TABLISH TARGETS FOR INDIVIDUAL COUNTRIES AND, IN ADDITION, ARGUED THAT AGGREGATE GROWTH TARGET OF 5 PERCENT IN 78 SUGGESTED BY SECRETARIAT WOULD LIKELY BE INCONSISTENT WITH NEED TO RE UCE INFLATION RATE. FRG SUPPORTED THIS VIEW AND UNDERLINED SUMMIT CONCLUSION THAT INFLATION IS A MAJOR CAUSE OF UNEMPLOYMENT.

4. RE SUGGESTION THT MINISTERIAL SHOULD BE HELD AT EN OF THIS YEAR TO REVIEW TARGETS AS WELL AS MONITORING PROCESS PROPOSED TO BE UDERTAKEN UNDER AUSPICES OF EPC, SEVERAL DELEGATES (DUCH, JAPANESE, FRENCH, GERMANS) SUGGESTED THAT MINISTRIAL MEETING FOR THIS PURPOSE AT END OF THIS YEAR WOULD BE "PREMATURE." (DUTCH ALSO FELT SUCH REVIEW WOULD BE ORE APPROPRIATELY DONE BY EPC.) THEY WERE, HOWEVER, WLLING TO SEE PROPOSAL BROUGHT TO ATTENTION OF MINISTESR.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PARIS 17096 02 OF 02 092206Z

5. SEVERAL SMALL COUNTRIES(LED BY DANES) FELT THAT POLICY PROPOSALS PUT FORWAL BY TUAC AT MAY 5 LIAISON COMMITTEE MEETING (REFTEL/ SHOULD FIGURE MORE PROMI-

NENTLY IN REF A AND IN MINITERIAL COMMUNIQUE. FRG AND SWISS RESISTED THIS PROPOSA NOTING THAT OECD WAS AN INTERGOVERNMENTAL ORGANIZAION. THUS, VIEWS OF PRIVATE ORGANIZATIONS SUCH AS TUAC AND BIAC SHOULD BE REFLECTED ONLY INSOFAR AS NATIONAL GOERNMENTS HAD TAKEN THEIR VIEWS INTO ACCOUNT IN FORMULATING THEIR OWN POSITIONS AND POLICIES. SECRETARIAT REMINDED DELS THAT MAIN TUAC PROPOSAL WAS FOR AN AGGREGAE OECD AREA GROWTH RATE OVER MEDIUM-TERM (7 PERCENT) WHICH MEMBER GOVERNMENTS WOULD CONSIDER INFLATIONARY. INADITION, TUAC ANALYSIS, UNLIKE MEMBER GOVERNMENTS, HAD LARGELY IGNORED INFLATION PROBLEM.  
KATZ

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MINISTERIAL MEETINGS, COMMITTEES, ORGANIZATION & MANAGEMENT, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 09-Jun-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977PARIS17096  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770206-0700  
**Format:** TEL  
**From:** PARIS USOECD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770673/aaaacmft.tel  
**Line Count:** 183  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** fc251782-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 OECD PARIS 13441, 77 OECD PARIS 16453, 77 OECD PARIS 16756, 77 STATE 132958  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 02-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2214184  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PREPARATIONS FOR OECD/INISTERIAL: JUNE 9 HEADS OF DELEGATION MEETING ON STRATEGY FOR SUSTAINED EXPANSION IN  
OECD AREA: PROSPECTS AND POLICIES  
**TAGS:** ECON, OECD  
**To:** STATE  
**Type:** TE  
**vdkgvkey:** odb://SAS/SAS.dbo.SAS\_Docs/fc251782-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009